

California Fair Political Practices Commission

Year in Review: 2005



A year of service, dedication and planning
as the FPPC seeks new resources
to meet its growing workload and statutory obligations

The Fair Political Practices Commission marked its 31st year of service to Californians in 2005.

It was a year of dedication, hard work and planning in a small state agency with broad responsibilities for administering the Political Reform Act.

The independent Commission and its staff of 60 faced a host of challenges during 2005 including additional budget reductions and heavy workloads. But the year also brought many accomplishments and new goals that we hope are introducing an era of more stable funding and staff and even stronger public service.

Created by voters with the passage of the Political Reform Act of 1974, the Commission is responsible for administering and enforcing the Act's rules on conflicts of interest, campaign contributions and expenditures and lobbying disclosure. The Act is frequently amended, making implementation and education very much of an ongoing task.

Our regulated community includes tens of thousands of state and local government officials and designated employees, as well as state and local candidates, campaign committees, major donors and lobbyists.

Without doubt, the FPPC's accomplishments in 2005 were greatly aided by the cooperation of thousands of filing officials and other local and state agency representatives. Vital, too, was the overwhelming majority of public officials, candidates and lobbyists who diligently complied with the requirements of the Act and, when in doubt, sought prospective advice from the Commission.

In 2005, a number of media editorial boards saw fit to declare the need for restored and increased funding for the Commission and the overall administration of the Act. As 2006 began, the Governor's fiscal year 2006-2007 budget proposed restoration of some previously cut budget funding, and the Legislature was considering that and other proposals to help the Commission keep up with its mounting workload and statutory responsibilities.

Please note that this article is not a comprehensive summary of all FPPC activity during the past year. But we want to highlight some of the major accomplishments and

*Excerpt from the new 2006-2010
FPPC Strategic Plan:*

Goal C: Secure sufficient funding, and a consistent funding source, to meet workload needs.

1. Obtain a 50% increase in funding in order to meet workload.
2. Develop component of annual report that documents workload and funding levels, and provide that information to the Legislature and Department of Finance.
3. Make all funding statutory to ensure adequate support for required workload.
4. Obtain additional positions in all divisions to meet workload.

events at the FPPC in 2005 including:

- ◆ Two new commissioners were appointed to the five-member, bipartisan Commission: Ray Remy, a longtime business leader and a former state department head, and A. Eugene Huguenin, Jr., a veteran Sacramento-area attorney. Remy replaced Commissioner Pamela Karlan, a Stanford University Law School professor whose term expired January 31, 2005. Huguenin replaced Commissioner Thomas S. Knox, a partner with the Sacramento law firm of Knox, Lemmon & Anapolsky, LLP. Knox's term also expired January 31.
- ◆ The Commission worked quickly to formulate a new regulation aiding the implementation of Assembly Bill 1234, a new law requiring local agency ethics training.
- ◆ The U.S. District Court ruled in the Commission's favor in a case filed by the California Pro-Life Council (CPLC) against the FPPC in 2000. The case challenged the constitution-

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ality of disclosure rules for groups which are not exclusively political committees but engage in political activity -- such as advocating for or against ballot measures. The court found that the State of California has a compelling state interest in requiring disclosure of certain contributions to CPLC, as well as disclosure of expenditures by CPLC to fund express ballot measure advocacy. The court also found that the challenged rules were sufficiently tailored to pass constitutional muster. The case remains under appeal.



FPPC Political Reform Consultant Teri Rindahl leads a seminar for Statement of Economic Interests filing officers. She is assisted by Staff Services Analyst Cynthia Fisher.

- ◆ After an extensive hearing process, the Commission in December adopted a new, four-year Strategic Plan. The major goals call for improving productivity and efficiency throughout the agency, improving recruitment and retention of employees throughout the agency, securing sufficient funding and a consistent funding source to meet workload needs, and seeking amendments to the Political Reform Act that promote compliance and workload management.
- ◆ Staff of the Technical Assistance Division answered tens of thousands of calls for advice from the regulated community, and the Legal Division and Technical Assistance provided hundreds of formal or informal letters of advice. As funds permitted, Commission staff hosted a variety of seminars and workshops.
- ◆ The Enforcement Division opened 876 enforcement case files and completed prosecution of 177 cases during the year. The Commission assessed just over \$1 million in administrative and civil fines in 2005. Major cases included a \$95,000 civil settlement with Ward Connerly and his American Civil Rights Coalition (ACRC) for unlawfully failing to disclose contributions supporting

Proposition 54 on the October 7, 2003, special election ballot. The Enforcement Division developed and implemented plans to sharply reduce complaint backlogs and reduce the average time needed to complete prosecutions.

- ◆ In 2005, Commission staff continued to produce new and revised filing manuals, including a new lobbying disclosure manual. All new manuals are free on the FPPC's web-site.
- ◆ The Commission and staff continued to seek legislative enactment of a proposed pilot project to grant the FPPC limited jurisdiction over Government Code section 1090, et seq. The FPPC believes this project could greatly benefit the regulated community, which now must turn elsewhere for advice on these conflict laws.

The FPPC is one of the smaller state agencies and has its office and headquarters in Sacramento at 428 J Street. We have a staff of approximately 60 employees and had a 2005-06 fiscal year budget of approximately \$6.1 million. In comparison, in fiscal year 2000-2001 our

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budget was \$6.6 million.

Administrative and civil fines collected by the FPPC are not retained by the Commission but are forwarded to the state's General Fund.

The chair of the Commission serves full time and is salaried, while the four other commissioners serve part time and receive a modest stipend for each monthly meeting.

The Commission had over 220 agenda items before it during its 2005 meetings, requiring extensive preparations and review of documents by the commissioners prior to each meeting.

Strategic Plan adopted

Major Commission projects in 2005 included adoption of a new, four-year strategic plan. The goals of the strategic plan apply to the period of 2006-2010 and cover a broad range of the agency's mission. They include:

- ♦ **Improving productivity and efficiency throughout the agency, including reducing the time needed to close enforcement complaints and respond to requests for written advice**
- ♦ **Improving the recruitment and retention of employees throughout the agency**
- ♦ **Securing sufficient funding, and a consistent funding source, to meet workload needs. This includes seeking a 50% increase in funding over the next four years**
- ♦ **Seeking amendments to the Political Reform Act that aid compliance and workload management**

After the plan was adopted, Commission Chair Liane Randolph declared, "The strategic planning process has given the Commission a valuable chance to assess the current status of our many services as well as formulate specific goals for improvement. It is clear that we need substantial new funds to adequately address our growing workload, and we are now increasingly optimistic that we will receive a positive response to our budget requests."

Randolph said any additional funding received by the FPPC will be distributed to all of the Commission major programs — including advice and education functions — in addition to the Enforcement Division.

In a staff memorandum presented with the strategic plan at the December 2005 meeting, FPPC Executive Director Mark Krausse outlined some of the agency's accomplishments despite recent years' budget reductions.

"It is important to take this occasion to call attention to the great many things we get right, to the many improvements we've made during a period of dwindling resources and mounting workload and, above all, to the great contributions of our dedicated employees," Krausse wrote.

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Commission Assistant Kelly Nelson organized and coordinated the FPPC's annual contribution to the state employees' holiday food drive. In 2005, FPPC employees donated 1,277 pounds of food (including cash equivalents). Commission staff also hosted blood drives and other charitable activities and events.

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The executive director said accomplishments included:

- ◆ Despite a 33 percent reduction in staffing in the Enforcement Division during the past five years, the number of cases closed with fines over that same period remained virtually level, and total fine levels for that period were consistently if moderately higher.
- ◆ Similarly, despite diminished staff resources, the Legal Division has held its average response time on advice letters virtually level while handling implementation of Proposition 34, a higher level of regulatory work in general, and a marked increase in litigation and requests for opinions.
- ◆ The public voice of the Commission, the Technical Assistance Division, has consistently delivered on its mission of education, regularly receiving commendations from candidates, filing officers and other public officials—again, all in the context of fewer division staff having to respond to increasingly complex and numerous requests for assistance.

Copies of the strategic plan are available in the “Commission” section of the FPPC’s website.

Commission moves quickly to adopt AB1234 regulation

The Commission moved quickly in 2005 to adopt a regulation to assist local agencies with a new ethics training law. The legislation requires (among other things) that all local agencies that provide compensation, salary, or stipend to, or reimburse the expenses of, members of a legislative body must provide ethics training to local agency officials by January 1, 2007, and every two years thereafter. The term “legislative body” includes not only the governing body of a local agency, but also a commission, committee, board, or other body of a local

Lobbying Disclosure Information Manual

California Fair Political Practices Commission

Toll-free advice line: 1 (866) ASK-FPPC
Web site: www.fppc.ca.gov

July 2005

The FPPC produced new and revised publications in 2005, including this completely rewritten disclosure manual for lobbyists. The manual is free on the FPPC’s website.

agency, whether permanent or temporary, decision-making or advisory.

The legislation further provides that if an entity develops criteria for the ethics training, the Fair Political Practices Commission and the Attorney General’s Office must be consulted regarding the proposed course content. After extensive work in the fall of 2005, the Commission adopted a new regulation, 18371, to assist in the implementation of AB1234. In addition, Commission staff have been working with other entities and agencies in this process. Please note that the enacted statute (Government Code section 53235) is not in the Political Reform Act. Therefore, other than the consultation requirement re-

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garding the training course, the Commission has no jurisdiction to interpret the new legislation.

The FPPC has created a special AB 1234 page on its website:

<http://www.fppc.ca.gov/index.html?id=466>

Informing the Public and Regulated Community

While the FPPC is often “in the news” for its enforcement activities, another important part of the Commission’s mission is educating and advising the regulated community so as to prevent violations of the Political Reform Act.

In fact, many of the FPPC’s staff members spend all or a good share of their workweek providing or developing advice to the regulating community or providing general public information and education.

In 2005, the FPPC popular toll-free advice line—1-866-ASK-FPPC—completed its fifth full year of operation.

On all lines coming into the FPPC in 2005, including our toll-free line, our Technical Assistance Division staff members answered over 47,000 calls seeking advice, guidance and other assistance. The Technical Assistance Division is led by veteran FPPC employee Carla Wardlow.

Here are some interesting facts about the calls we received:

- ◆ By far the busiest hour of the day was from 9 a.m. - 10 a.m.
- ◆ The busiest day of the week on average was Monday.
- ◆ The busiest month of 2005 was March, with 5,891 calls.

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The FPPC: Who we are

The Fair Political Practices Commission was created by the Political Reform Act of 1974, a ballot initiative passed by California voters as Proposition 9.

The Commission is a bipartisan (and in practice, non-partisan), independent body of five members that administers and enforces the Political Reform Act’s rules on conflicts of interest, campaign contributions and expenditures and lobbying disclosure.

The Commission educates the public and public officials on the requirements of the Act. It provides written and oral advice to public agencies and officials; conducts seminars and training sessions; develops forms, manuals, instructions and educational materials; and receives and files economic interests statements from many state and local officials.

The Commission investigates alleged violations of the Political Reform Act, imposes penalties when appropriate and assists state and local agencies in developing and enforcing conflict-of-interest codes.

The Governor appoints two commissioners, including the chairman. The Secretary of State, the Attorney General and the State Controller each appoint one commissioner. Commissioners serve a single, four-year term, and no more than three members can be registered with the same political party. The chairman is salaried and serves full-time, and the other four members serve part-time.

The Commission generally meets once each month to hear public testimony, issue opinions, adopt regulations, order penalties for violations of the Act and take other action.

Supporting the Commission is a staff of 60 employees. The Commission has four divisions — Enforcement, Technical Assistance, Legal and Administration, as well as a small executive staff.

The Commission is headquartered at 428 J Street in downtown Sacramento. The public reception area is in Suite 620.

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- ◆ The slowest month was December, with 2,592 calls.

In addition, FPPC staff members wrote 260 formal or informal letters of advice to those with obligations or duties under the Political Reform Act. The Legal Division and Technical Assistance Division held numerous joint internal advice meetings on the more complex advice questions.

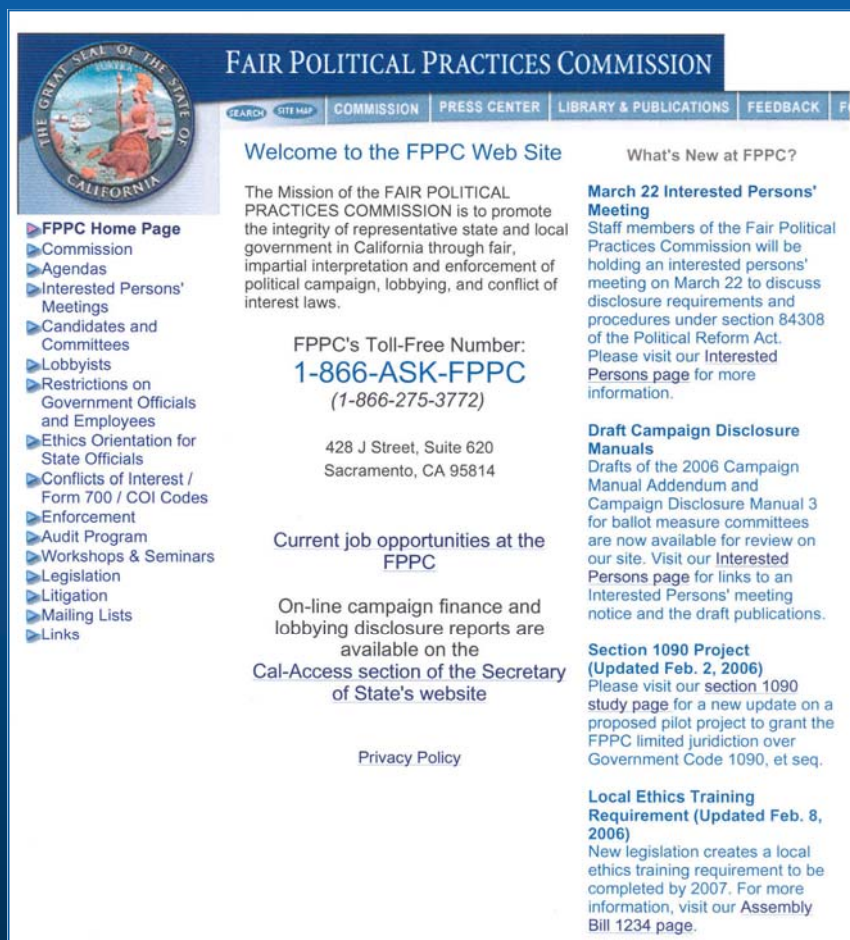
Numerous seminars and outreach visits were conducted by the FPPC's Technical Assistance Division. These seminars covered Statement of Economic Interests filing obligations, campaign disclosure requirements and other

subjects. Staff members offered PowerPoint presentations, informal discussions, and lengthy opportunities for questions and answers. Unfortunately, budget reductions continued to hamper the ability of our staff members to travel. In some cases, other agencies and local governments have helped finance travel expenses, and the FPPC hopes some of the proposed restored budget funds can be used to finance more staff travel and outreach in the coming year.

Seminars in 2005 included:

- ◆ Ten candidate/treasurer seminars
- ◆ Ten seminars for Statement of Economic Interests filing officers

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The screenshot shows the homepage of the Fair Political Practices Commission (FPPC) website. At the top is the California State Seal and the title "FAIR POLITICAL PRACTICES COMMISSION". A navigation bar includes links for SEARCH, SITE MAP, COMMISSION, PRESS CENTER, LIBRARY & PUBLICATIONS, and FEEDBACK. The main content area is titled "Welcome to the FPPC Web Site" and includes the mission statement, contact information (toll-free number 1-866-ASK-FPPC, address 428 J Street, Suite 620, Sacramento, CA 95814), and current job opportunities. A sidebar on the left lists various links such as FPPC Home Page, Commission, Agendas, Interested Persons' Meetings, Candidates and Committees, Lobbyists, Restrictions on Government Officials and Employees, Ethics Orientation for State Officials, Conflicts of Interest / Form 700 / COI Codes, Enforcement, Audit Program, Workshops & Seminars, Legislation, Litigation, Mailing Lists, and Links. The right sidebar features "What's New at FPPC?" with updates on a March 22 meeting, draft campaign disclosure manuals, a Section 1090 project update, and local ethics training requirements.

The FPPC website, www.fppc.ca.gov, provides the public and regulated communities with extensive information on the Political Reform Act and Commission activities, including complete monthly agenda materials.

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- ◆ Seven seminars for individual agencies and those agency's Statement of Economic Interests filers
- ◆ Two seminars for local agencies on how to amend their conflict-of-interest code and two campaign filing officer workshops

The Technical Assistance Division's Carla Wardlow and Lynda Cassady provided ethics training to lobbyists in January. Chairman Randolph also spoke at those ethics seminars.

These seminars attracted nearly 1000 attendees in 2005.

Other Commission staff, including those from Executive, the Legal Division, the Enforcement Division and the Communications Office, also participated in many outreach and educational activities. Groups and organizations addressed by FPPC staff included the California District Attorneys Association, the California Political Attorneys Association, the state Assembly Fellows, the Latino Caucus Institute, the Institute for Governmental Advocates, the League of United Latin American Citizens (LULAC), and the Municipal Treasurers Association.

Two FPPC staff members participated in the 28th annual conference of the Council on Governmental Ethics Laws (COGEL) -- the international organization of ethics, elections and freedom of information agencies -- in Boston from December 4-7. The staff members attended a variety of educational panels and presentations and helped moderate a breakfast roundtable discussion on California's new local ethics training law, AB 1234.

The FPPC produced or revised a number of publications during 2005, including a new lobbying disclosure manual. This new manual was developed to assist lobbyists, lobbying firms, lobbyist employers, lobbying coalitions, and \$5,000 filers to comply with the Political Reform Act's numerous and detailed rules concerning lobbying disclosure.

The two campaign disclosure manuals were revised in May 2005. These two manuals — Campaign Disclosure Manual 1 and Campaign Disclosure Manual 2 — include information on candidates' and committees' record keeping

requirements, definitions important to campaigns, reporting obligations, and restrictions and prohibitions.

Numerous FPPC forms and accompanying instructions also were revised in 2005 to conform with changes to the Political Reform Act and to simplify compliance.

Other new or revised publications included a 2005 Addendum to FPPC Campaign Disclosure Information Manuals C - E, the 2006 version of the Political Reform Act of 1974, two updated fact sheets on Limitations and Restrictions on Gifts, Honoraria, Travel and Loans (one for state officers and one for local officials), and four issues of our newsletter, the FPPC *Bulletin*. The e-mail subscription list for the *Bulletin* continues to grow and has over 1,000 subscribers.

The FPPC's information officer and communications coordinator, assisted by the executive fellow, responded to hundreds of inquiries from journalists from newspapers, radio and television broadcast networks and stations, magazines, web-based publications, newsletters and the foreign press. Assistance provided by the agency included copies of Statements of Economic Interests and other public records, in-depth interviews, telephone assistance and publication of numerous press releases and press advisories. The office produced over 30 news releases or news advisories during the year.

With the assistance of all divisions, the Communications Office coordinated the regular updating of the FPPC's website, published the FPPC *Bulletin* and other educational publications, provided a dial-in broadcast of Commission meetings and offered other services.

Enforcing the law

In 2005, the FPPC's Enforcement Division opened 876 enforcement case files and completed prosecution of 177 cases.

The Commission assessed just over \$1 million in administrative and civil fines in 2005. (Please see the charts on the following pages for details.)

John Appelbaum, a former deputy attorney

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general, was appointed as new chief of the Enforcement Division in May of 2005. Working with enforcement staff and the Commission, he began to implement the Commission's goals of reducing the backlog of enforcement cases and reducing the average time needed to prosecute a case. As 2006 began, Appelbaum reported progress in both of these areas.

Appelbaum, as did other FPPC managers, also worked with the Commission to add new staff and reduce turnover by seeking more equitable pay scales for employees as compared to pay scales for equivalent work in other state agencies.

The special proactive programs used by the

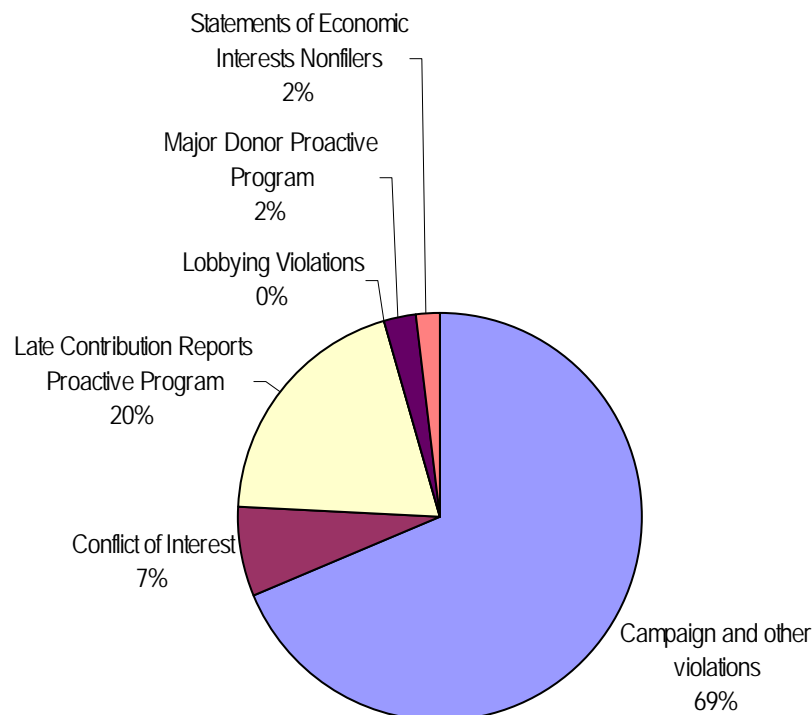
Enforcement Division result in expedited prosecutions and more timely public disclosure.

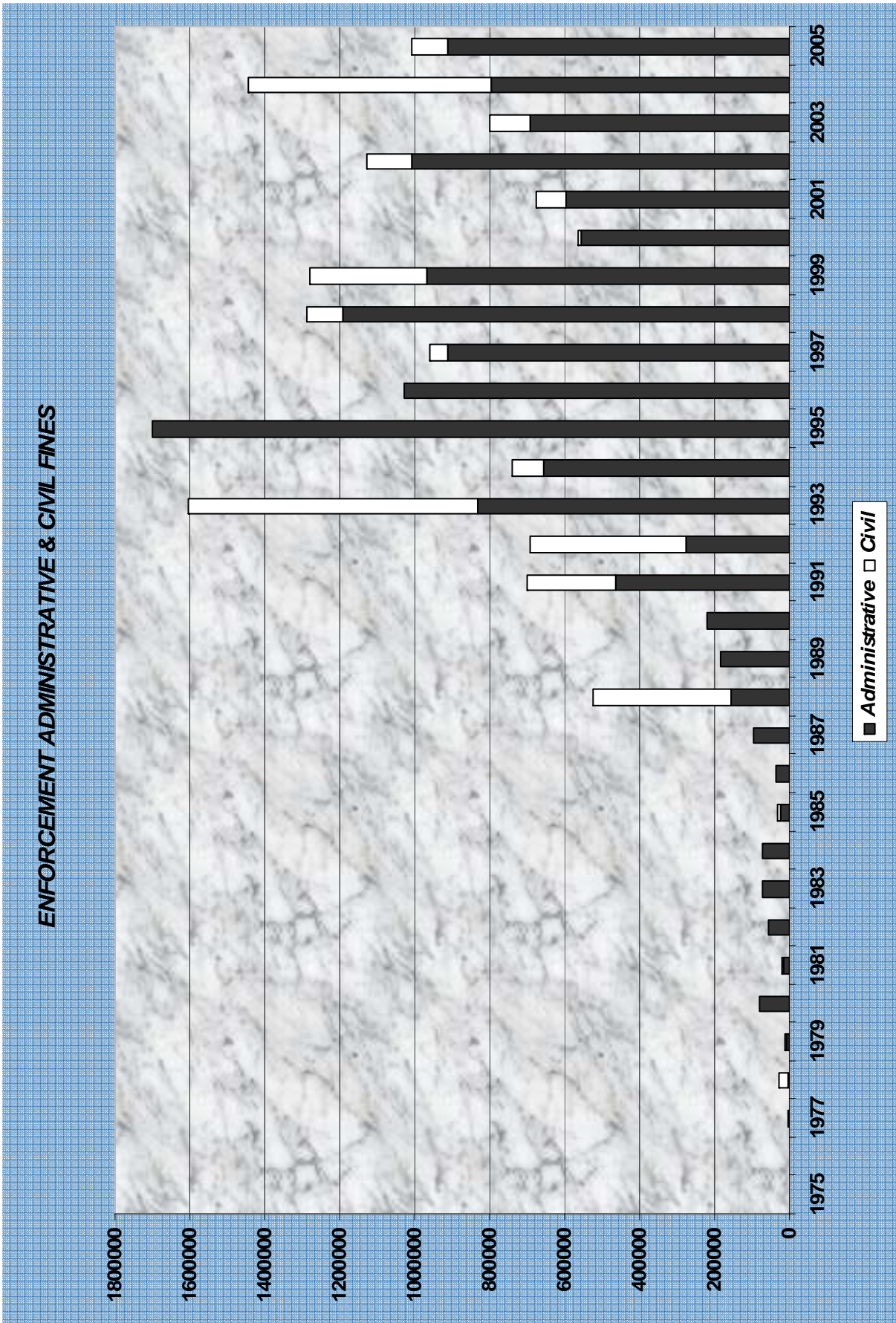
Even with the streamlined programs in place, workload demands continued to outstrip the influx of cases. In 2005, the Enforcement Division had to drop about 225 cases they could have otherwise pursued.

While the division's staffing level has decreased over the years — current staffing is only slightly higher than 1983 levels — the number of enforcement cases has dramatically increased. In spite of these challenges, staff members have been able to substantially increase the numbers of cases prosecuted as well as the total amount of fines imposed. These increases are

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2005 Total Administrative and Civil Fines—\$1,007,473.87 Fines By Type of Violation





FAIR POLITICAL PRACTICES COMMISSION

ENFORCEMENT ACTIONS

SUMMARY OF FINES ASSESSED AND IMPOSED

1975 THROUGH 2005

Year	Administrative Actions				Civil Judgments		Total Fines By Year
	No. of Cases	Fines Assessed	Fines Waived	Fines Imposed	No. of Cases	Fines Assessed	
1975	0	\$0	\$0	\$0	0	\$0	\$0
1976	11	\$1,400	\$500	\$900	0	\$0	\$900
1977	1	\$4,000	\$0	\$4,000	0	\$0	\$4,000
1978	1	\$4,500	\$0	\$4,500	2	\$25,250	\$29,750
1979	8	\$6,820	\$0	\$6,820	2	\$6,500	\$13,320
1980	18	\$79,600	\$35,950	\$43,650	1	\$1,000	\$44,650
1981	5	\$14,600	\$3,000	\$11,600	2	\$5,000	\$16,600
1982	10	\$57,500	\$10,750	\$46,750	0	\$0	\$46,750
1983	5	\$71,100	\$12,500	\$58,600	1	\$1,250	\$59,850
1984	15	\$72,200	\$4,000	\$68,200	0	\$0	\$68,200
1985	7	\$24,750	\$5,000	\$19,750	1	\$9,000	\$28,750
1986	12	\$37,400	\$1,250	\$36,150	0	\$0	\$36,150
1987	22	\$97,900	\$6,000	\$91,900	0	\$0	\$91,900
1988	34	\$154,600	\$10,500	\$144,100	3	\$367,500	\$511,600
1989	35	\$182,250	\$0	\$182,250	0	\$0	\$182,250
1990	36	\$219,000	\$0	\$219,000	0	\$0	\$219,000
1991	39	\$463,550	\$0	\$463,550	3	\$235,000	\$698,550
1992	44	\$276,450	\$0	\$276,450	3	\$415,000	\$691,450
1993	36	\$833,050	\$0	\$833,050	1	\$772,000	\$1,605,050
1994	30	\$656,800	\$0	\$656,800	1	\$85,000	\$741,800
1995	51	\$1,698,050	\$0	\$1,698,050	0	\$0	\$1,698,050
1996	56	\$1,026,221	\$0	\$1,026,221	0	\$0	\$1,026,221
1997	54	\$912,650	\$0	\$912,650	2	\$47,000	\$959,650
1998	96	\$1,190,710	\$0	\$1,190,710	7	\$95,490	\$1,286,200
1999	63	\$968,500	\$0	\$968,500	5	\$309,900	\$1,278,400
2000	174	\$554,037	\$0	\$554,037	1	\$9,100	\$563,137
2001	158	\$595,000	\$0	\$595,000	2	\$83,000	\$678,000
2002	143	\$1,007,836	\$0	\$1,007,836	4	\$119,000	\$1,126,836
2003	256	\$693,734	\$0	\$693,734	2	\$105,000	\$798,734
2004	162	\$797,562	\$0	\$797,562	6	\$648,000	\$1,445,562
2005	176	\$912,474	\$0	\$912,474	1	\$95,000	\$1,007,474
TOTALS	1,758	\$13,614,243	\$89,450	\$13,524,793	50	\$3,433,990	\$16,958,783

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due, in part, to the streamlined programs, but also to the Enforcement Division's dedicated staff.

Of the newly opened enforcement cases in 2005, 69 percent stemmed from campaign and other violations, 20 percent from the Commission's Late Contribution Reports Proactive (streamlined) Program, seven percent from conflict-of-interest violations, two percent from the Statement of Economic Interests Nonfilers Proactive (streamlined) Program, and two percent from the Major Donor Proactive (streamlined) Program.

From 1975 to 2005, the cumulative total of FPPC administrative and civil fines reached \$16,958,783. (This total does not include \$89,450 in assessed fines that were waived by the Commission in 1976 and during the 1980s.)

In addition, the Enforcement Division continually strived to educate and alert respondents with the goal of preventing additional violations of the Political Reform Act in the future.

While the vast majority of enforcement cases are resolved through stipulated settlement agreements, the FPPC also is empowered to take enforcement cases before the civil courts. Attorneys and other staff from the FPPC's Legal and Enforcement Divisions — in some cases with the assistance of outside counsel — devote much of their time to these cases.

Major enforcement cases completed in 2005 included:

- ◆ A \$95,000 civil settlement with Ward Connerly and his American Civil Rights Coalition (ACRC) for unlawfully failing to disclose contributions supporting Proposition 54 on the October 7, 2003, special election ballot. The terms of the settlement required ACRC and Ward Connerly to admit they violated campaign laws by failing to file reports disclosing the contributions. They filed the reports on May 18.
- ◆ A money laundering and failure to dis-

close case involving the De Anza Community College District

- ◆ A money laundering case involving a hotel owner who sought to evade local contribution limits
- ◆ Two related cases that involved laundering money to a San Diego candidate to evade contribution limits

Interpreting the law

The Commission, assisted by the Legal Division and other staff members, also continued its interpretation and implementing of the Political Reform Act through a variety of regulatory projects. These efforts included the adoption, amendment or repeal of 34 regulations during 2005. The Legal Division is led by FPPC General Counsel Luisa Menchaca.

The Commission issued one formal opinion during 2005:

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Accounting Specialist Luz Bonetti is one of the staff members of the FPPC's Enforcement Division. The division handled a number of major cases in 2005.

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- ◆ ***In re St. Croix, 18 FPPC Ops. 1, O-04-226***, dealt with San Francisco's new Ranked-Choice Voting system. The specific opinion request pertained to the application of section 85501 to candidate sponsored mailings ranking candidates in a particular order for the voters.

Major new regulatory projects in 2005 included addressing issues in the "Gift Cluster" regulations. This involved amending regulations 18941.1, 18946, 18946.2, and 18946.4; and creating and adopting regulation 18640. By adopting these amendments and adding regulation 18640, staff was able to (1) provide a more accurate reflection of the true value of premium event tickets, (2) codify the current advice for establishing the value of attending any invitation-only event and the value of attendance at an event on a "drop-in" basis, and (3) determine a proper modification of the "no value rule" for tickets to 501(c)(3) fundraising events, including when the event is a commercial entertainment event.

Regulations 18700, 18707, and 18708, dealing with conflict-of-interest rules, were amended to expressly provide that in an enforcement proceeding for a conflict-of-interest violation, it is the respondent's burden to establish that the public generally or legally required exception applies as affirmative defenses.

Another major regulation project that was undertaken included amending the Post-Employment "Permanent Ban" that is covered in regulation 18741.1. Amendments to this regulation were adopted to add conforming language as a result of the Commission's *In re Lucas* Opinion (2000), and clarified what matters a supervisor is deemed to have participated in as a result of the proceeding being "under his or her supervisory authority."

List of 2005 FPPC Interested Persons' Meetings

- ◆ August 10, 2005, at 10 a.m.
Designation of Certain Administrative Enforcement Decisions As Having Precedential Value
- ◆ August 10, 2005, at 11:15 a.m.
Hard and Soft Money Accounts
- ◆ June 21, 2005, at 10 a.m.
Review of Revised Lobbying Disclosure Manual
- ◆ May 19, 2005, at 10 a.m.
Affiliated Entities and Aggregation
- ◆ March 30, 2005, at 10 a.m.
Proposition 71 - Institute of Regenerative Medicine
- ◆ March 9, 2005, at 2 p.m.
Discussion of Amendment to Regulation 18702.4, Proposed Adoption of Regulation 18750.2 and Regulation 18755
- ◆ February 11, 2005, at 2 p.m.
Receipts and Expenditures Reportable Under Both State and Federal Law
- ◆ January 13, 2005 (10 a.m. - 11:30 a.m.)
Proposition 34 - Section 85307 - Extensions of Credit

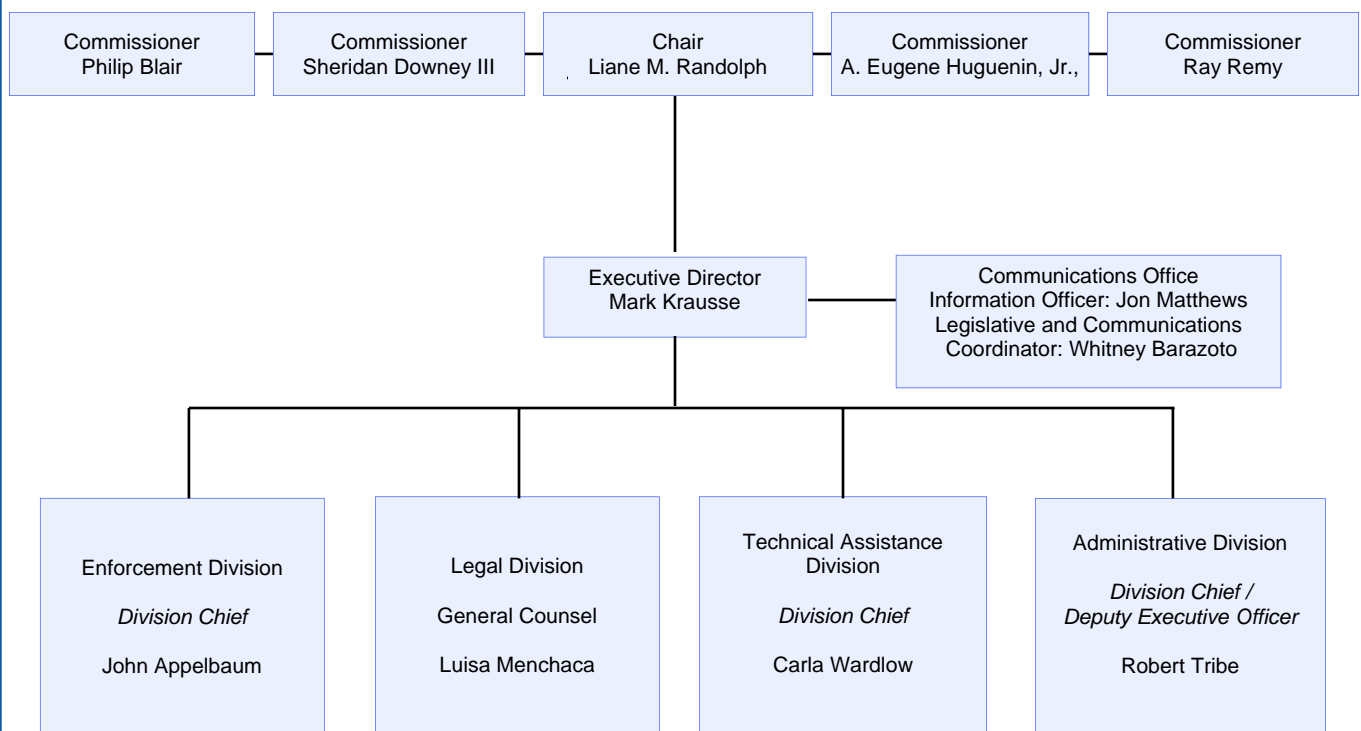
Also, two new regulations were adopted to (1) address when an official is required to file statements of economic interests (regulation 18722) and (2) specify that the failure of a person's filing officer to fulfill any duty imposed under the Act will not relieve the person of any filing or disclosure obligation (regulation 18117).

The Political Reform Act has been amended numerous times since its initial approval by voters. FPPC commissioners and staff members constantly track new legislation affecting the Act, and the Commission may take positions on bills when it deems appropriate. Those involved in tracking and analyzing bills include the executive director, legislative and communications coordinator, executive fellow, Commission counsel and others.

On October 7, 2004, the Commission considered a staff

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Fair Political Practices Commission Organization Chart March 2006



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proposal to dedicate staff resources to the development of a pilot project to grant limited jurisdiction to the Commission over Government Code section 1090, et seq., through a three-year pilot project. The Commission directed staff to pursue the project legislatively.

The pilot project language was introduced as Assembly Bill 1558 (Wolk) in 2005. AB 1558 was approved by the state Assembly in early 2006 and is now pending in the Senate. The pilot project, as proposed, would not move or amend section 1090 of the Government Code, would run for a three-year period, would follow a process similar to the existing Commission opinion process as set forth in Commission regulations, and the Commission would need to be given sufficient additional funding to deal with the increased workload (including the educational component).

The FPPC hosted a variety of interested persons' meetings in 2005. Public comment was received on rulemaking subjects including affiliated entities and aggregation, designation of certain administrative enforcement decisions as having precedential value, and hard and soft money accounts.

Filing and code review duties

FPPC staff members received, logged, reviewed and filed 21,594 Statements of Economic Interests and Statements of Economic Interests amendments from public officials across California in 2005. These statements are public records and copies are made available by the Commission to the public upon request at no charge or, for larger orders, for a nominal copying fee.

In 2005, FPPC staff filled public requests for 5,174 copies of Statements of Economic Interests.

Designated employees and officeholders at virtually all state and local agencies, as well as candidates for public office, use the FPPC "Form 700" to file these personal financial statements. The FPPC reviewed and revised the Form 700 during 2005—an annual project.

"The Political Reform Act ("the Act") prohibits former state governmental officials, under certain conditions, from attempting to influence proceedings in which the official participated while serving in his or her capacity as a state governmental official. (Sections 87401 and 87402; regulation 18741.1.) This restriction is a "permanent ban" prohibiting a former state employee from "switching sides" and participating, for compensation, in any specific proceeding involving the State of California if the proceeding is one in which the former state employee *participated while employed by the state.*"

— From a 2005 Legal Division memorandum to the Commission

Many Statements of Economic Interests are not filed directly with the FPPC, but instead go to local or state agency filing officers or other officials.

Staff in the Technical Assistance Division also are responsible for reviewing conflict-of-interest codes for over 650 state and multi-county agencies. Every other year, agencies must review their conflict-of-interest code and submit changes to the FPPC.

Five political reform consultants review code changes as well as assist in preparing codes for new agencies and commissions that are formed.

Administration

In 2005, the FPPC's small Administration Division did everything necessary to maintain operations in an independent state agency. The division's services included:

- ◆ budget and financial management expertise
- ◆ public reception and communication
- ◆ computer networks and user support
- ◆ website technical support and development
- ◆ purchasing
- ◆ printing
- ◆ personnel services
- ◆ mailing and document receiving

The division chief is Robert Tribe.